

Department of Social and Health Services

DP Code/Title: M2-8L Lease Rate Adjustments

Agency Wide

There are 10 Programs in this DP

Budget Period: 2003-05 Version: 11 2003-05 Agency Request Budget

**Recommendation Summary Text:**

Program(s): 010 020 030 040 050 060 070 080 100 110

Funding is requested for the incremental cost of lease renewals on site in the Department of Social and Health Services (DSHS) offices and client service centers statewide.

**Fiscal Detail:**

**Operating Expenditures**

	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
<b>Overall Funding</b>			
001-1 General Fund - Basic Account-State	3,302,000	3,963,000	7,265,000
001-2 General Fund - Basic Account-Federal	916,000	975,000	1,891,000
001-A General Fund - Basic Account-DSHS Fam Support/Chi	564,000	695,000	1,259,000
001-C General Fund - Basic Account-DSHS Medicaid Federa	865,000	1,005,000	1,870,000
001-D General Fund - Basic Account-TANF (DSHS)	166,000	218,000	384,000
<b>Total Cost</b>	<b>5,813,000</b>	<b>6,856,000</b>	<b>12,669,000</b>

**Staffing**

**Package Description:**

Program(s): 010 020 030 040 050 060 070 080 100 110

Most DSHS staff work in facilities leased from public or private entities. Many of these facilities house field service staff, which provide services to over 1.3 million persons each year. To accommodate clients and provide ready access to services, the department currently leases approximately 3.8 million square feet of space at 206 locations throughout the state. To the greatest extent possible, the department requires the various programs to co-locate their offices.

Leases typically run five years or longer, and are generally renewed unless space or physical conditions require relocation. Most leases increase at the time of renewal. The request for additional funds results from mandatory lease renewals anticipated during the 2003-05 Biennium and the actual cost of lease renewals during the 2001-03 Biennium.

The department has worked with the Department of General Administration (GA) and other entities to estimate the percent of increase for each lease anticipated to expire during the 2003-05 Biennium.

**Narrative Justification and Impact Statement**

***How contributes to strategic plan:***

Program(s): 010 020 030 040 050 060 070 080 100 110

By funding lease costs, DSHS will continue to meet agencywide goals to provide customer services that are easy to access.

***Performance Measure Detail***

Goal: 01Z DSHS Accounts for Its Use of Public Dollars

Incremental Changes

No measures submitted for package  
No measures submitted for package  
No measures submitted for package  
No measures submitted for package  
No measures submitted for package  
No measures submitted for package  
No measures submitted for package  
No measures submitted for package

FY 1

FY 2

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No measures submitted for package

No measures submitted for package

Goal: 02Z Services Are Easy to Access and Timely

Incremental Changes

FY 1

FY 2

No measures submitted for package

No measures submitted for package

Goal: 04Z Services that Meet Geographic, Cultural, Tribal, and Individual Needs

Incremental Changes

FY 1

FY 2

No measures submitted for package

Goal: 15Z Services are easy to access and timely.

Incremental Changes

FY 1

FY 2

No measures submitted for package

No measures submitted for package

No measures submitted for package

No measures submitted for package

No measures submitted for package

No measures submitted for package

No measures submitted for package

No measures submitted for package

No measures submitted for package

No measures submitted for package

No measures submitted for package

Program: 110

Goal: 08K Continue to creatively improve business processes

Incremental Changes

FY 1

FY 2

No measures submitted for package

*Reason for change:*

Program(s): 010 020 030 040 050 060 070 080 100 110

Approximately 60 leases will expire during the 2003-05 Biennium. With the assistance of GA, the department negotiates the most cost-effective lease rates possible for the necessary space needed. In addition, the department is occasionally required to relocate because a landlord is unwilling or unable to renew the lease, or in the case of the Lanes Building in Seattle, the city has pre-empted the use. In general, landlords increase lease rates at the time of renewal. DSHS has obtained the estimated percent of increases for leases that are expected to expire in the 2003-05 Biennium.

*Impact on clients and services:*

Program(s): 010 020 030 040 050 060 070 080 100 110

To meet the needs of the clients served by DSHS, offices are placed in locations that are safe and convenient to access. In addition, field staff who meet and visit clients in locations other than their office are located in buildings that are close to the clients they serve in order to save travel and employee time costs. Funding the lease costs will allow this practice to continue at the current level of service.

*Impact on other state programs:*

Program(s): 010 020 030 040 050 060 070 080 100 110

All programs within DSHS are affected. Because some DSHS offices are co-located with other state agencies, the lease expiration and renewal may effect other state programs.

*Relationship to capital budget:*

Program(s): 010 020 030 040 050 060 070 080 100 110

None

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***Required changes to existing RCW, WAC, contract, or plan:***

**Program(s): 010 020 030 040 050 060 070 080 100 110**

None

***Alternatives explored by agency:***

**Program(s): 010 020 030 040 050 060 070 080 100 110**

In order to take advantage of lease rates that are significantly below market, DSHS signs contracts with building owners, which obligate DSHS to pay agreed-upon, and legally binding rates for specific periods. The department has no alternative to payment of lease obligations.

***Budget impacts in future biennia:***

**Program(s): 010 020 030 040 050 060 070 080 100 110**

Lease costs will continue into future biennia. A bow wave step will be necessary to carry forward funding at the Fiscal Year 2005. The DSHS bow wave will be approximately \$830,000 GF-S in Fiscal Year 2006 and \$173,000 in Fiscal Year 2007.

***Distinction between one-time and ongoing costs:***

**Program(s): 010 020 030 040 050 060 070 080 100 110**

This increase is an ongoing cost.

***Effects of non-funding:***

**Program(s): 010 020 030 040 050 060 070 080 100 110**

Leased facilities are necessary to house field staff in client-convenient locations to provide the required assistance. The department has a legal obligation to pay lease expenses. Non-funding of lease adjustments would require the department to cut other vital services to clients.

***Expenditure Calculations and Assumptions:***

**Program(s): 010 020 030 040 050 060 070 080 100 110**

DSHS has an updated base to reflect the 2001-03 Biennium Budget. Amounts in CFL were determined using Fiscal Year 2003 estimated lease totals. The request for the 2003-05 Biennium is the effect of annualizing leases in response to renewals. All lease increases for Fiscal Year 2004 and Fiscal Year 2005 are estimated within the individual current leases renewed on site.

See attachment - AW ML-8L Lease Rate Adjustment.xls

**Object Detail**

**FY 1**

**FY 2**

**Total**

**Overall Funding**

E Goods And Services

5,813,000

6,856,000

12,669,000

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**DSHS Source Code Detail**

Overall Funding		<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
<b>Fund 001-1, General Fund - Basic Account-State</b>				
<u>Sources</u>	<u>Title</u>			
0011	General Fund State	3,302,000	3,963,000	7,265,000
<i>Total for Fund 001-1</i>		<b>3,302,000</b>	<b>3,963,000</b>	<b>7,265,000</b>
<b>Fund 001-2, General Fund - Basic Account-Federal</b>				
<u>Sources</u>	<u>Title</u>			
001B	Social Security Disability Ins (100%)	729,000	729,000	1,458,000
566B	Refugee & Entrant Assist-St Admin'd Prog(D)(100%)	14,000	18,000	32,000
E61L	Food Stamp Program (50%)	173,000	228,000	401,000
<i>Total for Fund 001-2</i>		<b>916,000</b>	<b>975,000</b>	<b>1,891,000</b>
<b>Fund 001-A, General Fund - Basic Account-DSHS Fam Support/Chi</b>				
<u>Sources</u>	<u>Title</u>			
563I	Title IV-D Child Support Enforcement (A) (66%)	342,000	444,000	786,000
658L	Title IV-E-Foster Care (50%)	222,000	251,000	473,000
<i>Total for Fund 001-A</i>		<b>564,000</b>	<b>695,000</b>	<b>1,259,000</b>
<b>Fund 001-C, General Fund - Basic Account-DSHS Medicaid Federa</b>				
<u>Sources</u>	<u>Title</u>			
19TA	Title XIX Assistance (FMAP)	108,000	130,000	238,000
19UL	Title XIX Admin (50%)	757,000	875,000	1,632,000
<i>Total for Fund 001-C</i>		<b>865,000</b>	<b>1,005,000</b>	<b>1,870,000</b>
<b>Fund 001-D, General Fund - Basic Account-TANF (DSHS)</b>				
<u>Sources</u>	<u>Title</u>			
558B	Temp Assist for Needy Families (TANF) (100%)	166,000	218,000	384,000
<i>Total for Fund 001-D</i>		<b>166,000</b>	<b>218,000</b>	<b>384,000</b>
<b>Total Overall Funding</b>		<b>5,813,000</b>	<b>6,856,000</b>	<b>12,669,000</b>

**Funding Totals by Program**

Dollars in Thousands

<u>Program</u>	<u>FTE's</u>		<u>GF-State</u>		<u>Total Funds</u>	
	<u>FY 1</u>	<u>FY 2</u>	<u>FY 1</u>	<u>FY 2</u>	<u>FY 1</u>	<u>FY 2</u>
010 Children's Administration	0.0	0.0	875	995	1,199	1,363
020 Juvenile Rehabilitatn Admin	0.0	0.0	187	256	187	256
030 Mental Health	0.0	0.0	81	81	81	81
040 Div of Developmntl Disab	0.0	0.0	(12)	32	(19)	50
050 Long Term Care Services	0.0	0.0	(15)	13	(30)	25
060 Economic Services Admin	0.0	0.0	981	1,289	1,873	2,461
070 Div of Alc/Substnce Abuse	0.0	0.0	43	43	52	52
080 Medical Assistance	0.0	0.0	484	484	1,690	1,690
100 Vocational Rehabilitation	0.0	0.0	440	517	440	517
110 Admin & Supporting Svcs	0.0	0.0	238	253	340	361
<b>Grand Total:</b>	<b>0.0</b>	<b>0.0</b>	<b>3,302</b>	<b>3,963</b>	<b>5,813</b>	<b>6,856</b>